

APW

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1. JIAP NEWS

Tuesday, February 4, 2003, Noon-1:30 PM

What Could Happen When The Japanese Economy Blows Up

With JIAP Member, Bert Ely, Financial Institutions & Monetary Policy Consultant

Brown Bag Lunch (Refreshments provided), Free for JIAP members, \$10 Non-members, **Reservations Required**, sdrewry@jiaponline.org

Contents: COVER STORIES, JAPAN: Japan-Antitrust, Japan Banking, Japan-Business, Japan-Economy, Japan-Foreign Policy, Japan-Politics, Japan-POWs, Japan-Security, Japan-Trade
JAPAN RELEVANT: Australia, China-Economy, China-Foreign Policy, China-Politics, Energy, Foreign Policy, Global Economy, Indonesia, Intellectual Property, Intelligence, Iraq Issues, Proliferation, South Korea, South Asia, Steel, Taiwan, Trade, US Economy.

Contact

If you have any comments/suggestions please contact Japan Information Access Project (JIAP) Asia Policy Calendar & Weekly Editors Ms. Mindy L. Kotler, Mr. Seth D. Drewry, and Mr. Daisuke Okuyama at (202) 822-6040, or access@jiaponline.org <http://www.jiaponline.org>

About JIAP

JIAP is a Washington-based nonprofit, membership research center studying Japanese and Northeast Asian science, technology, security and public policy.

Established in 1991, the JIAP is a trusted member of the U.S. policy community interested in Japan and Asia. The Project specializes in introducing to Washington the best "outside-the-Beltway" scholarly research and analysis on critical Asia policy issues. The goal is to strengthen international understanding of Japanese and Northeast Asian science, technology, economic and security policy. Through a range of programs and publications, the Project educates its members, policymakers, and the public to use knowledge of Japan and Asia to increase national strategic competitiveness and security.

****All phone numbers are (202) unless otherwise indicated****

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2) MEMBER NEWS

David Kaplan (*US News & World Report*). **What a Racket: The Far East Sopranos,**” 1/27/03, US News & World Report. On North Korea's criminal activity. US officials say the regime's narcotics and counterfeiting production has doubled in recent years. See <http://www.usnews.com/usnews/issue/030127/usnews/27korea.b.htm>

David Kaplan (*US News & World Report*). **YAKUZA.** UC Press this month is bringing out a revised and expanded edition of seminal book, JIAP hopes to have a book party soon. See: <http://www.ucpress.edu/books/pages/8278.html>

Ronald Morse (UCLA), “Washington’s New ‘Japan Problem:’ The Market’s Invisible Hand,” Forum, The Japan Digest, 1/24/03. “Washington [Team Armitage] fails to recognize that Tokyo is, and wants to remain, a security freeloader...It is time for Washington to see Japan for what it is: an economic power past its peak, a pacifist nation that is anti-war, and a life-style state...[thus] the decline of overseas interest in Japan will lead to a sensible adjustment [lack of interest and decrease in funding for the study of Japan as at Brookings]. <http://www.japandigest.com>

3) OBSERVATION

Science & Technology Japan’s Overlooked Engine of Growth

While all around everyone laments the decline of Japan, Japanese scientists, engineers, technology planners, and patent managers are working hard to reinforce Japan’s technology edge. Last year, Japan won two science Nobel prizes and again dominated (as it has for the past 10 years) in the number of patents filed in the US. Japanese politicians, including Koizumi, are emphasizing the role of science in revitalizing Japan’s economy.

During the “lost decade” Japanese investment in R&D from 1991-2001, both public and private, increased 1.2 fold from 13.8 trillion yen to 16.3 trillion yen. By last year, R&D expenditures made up 3.3% of Japanese GDP. This was the in the world (by comparison, the US was 2.68%). Receipts from technology transfers during this decade increased from 70 billion yen in 1991 to 1.25 trillion yen in 2001. The ratio of receipts for technology transfer to payments was about even in 1991 while in 2001 it ballooned to 2.27 (2.39 in 2000).

Japanese officials are also scattered throughout international agencies such as the World Bank, WIPO, and OECD in key positions studying the elements of innovation. The **OECD** is leading the international effort to conform international scientific indicators in order to obtain better comparative data on innovation. A recent Washington presentation by Mr. Takayuki Matsuo, OECD Director for Science, Technology and Industry (DSTI) who presented findings on “**Knowledge/innovation-driven Growth**” provides an interesting overview of this effort: For his slides see link [warning 79 page pdf file]: <http://www.oecdwash.org> .

The **World Bank** last week (Jan 16 in Tokyo) issued **Innovative East Asia: The Future of Growth.** It is the main report to emerge from the **East Asia Prospects Study**, which began with a 1999 proposal by Japan [and funded by Japan] for the World Bank to examine the future directions of economic change in East Asia. The Bank assembled a team to work closely with a select international panel of Asian scholars to define a study and ascertain the directions of change and suggest policies for East Asian economies that would sustain their past growth momentum within a changing environment. The study is a follow-up to the earlier *East Asian Miracle* Project of the early 1990s, but designed to be on a larger scale, and a forward-looking perspective. The first volume of the study, which was launched in October 2002, *Can East Asia Compete?*, provided an overview of the issues relevant to charting a strategic course for the future. See: <http://lnweb18.worldbank.org/eap/eap.nsf/General/2CA1FB3E274DD0F485256CAE007D17AF?OpenDocument>

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For those who want to examine Japan's statistics for themselves, see below. Nearly all the data is in Japanese, which might explain why specialists are overlooking this area of Japanese economic development.

“2002 Survey of Research & Development (Outline, Summary, and Data)” MPMHAPT Statistics Bureau, Jan. 2003. <http://www.stat.go.jp/data/kagaku/index.htm> (j)

“Technology Survey Report”: excerpt of “2002 Survey of R&D” by METI, Jan. 2003
http://www.meti.go.jp/policy/tech_research/report/vol3.pdf (j)

“Indicator of Science & Technology – Collection of Data” National Institute of Science and Technology Policy, Nov. 2002. <http://www.nistep.go.jp/achiev/ftx/jpn/mat088j/pdf/mat088fj.pdf> (j)

“Trend of the Research & Development Activities related to the Industrial Technology in Japan: Major Indicators and Survey Data” 3rd Edition, METI, Nov. 2002.
http://www.meti.go.jp/policy/tech_research/indicator/japanese1411.pdf (j)

“2002 Annual Report on the Promotion of Science & Technology” MEXT, June 2002.
<http://wwwwp.mext.go.jp/kag2002/> (j); <http://wwwwp.mext.go.jp/ekg2002/> (e)

“Internationalization of Science & Technology and Academia: Interim Report,” MEXT, Council on S&T and Academia, Subcommittee on the Promotion of Internationalization, June 2002.
http://www.mext.go.jp/b_menu/shingi/gijyutu/gijyutu9/toushin/020701.htm (j)

Internationalization Strategy of Science and Technology Activities, Interim Report (Summary), by Internationalization Promotion Committee, Council for Science and Technology MEXT, June 2002.
<http://www.mext.go.jp/english/news/2002/06/021001.htm> (e)

“International Comparison of the Indicators of S&T” MPMHAPT, Council on Information Technology, Special Committee on the Competition Policy for IT Industry, Subcommittee on International Competitiveness, Distributed Material for the Meeting, May, 25, 2001.
http://www.soumu.go.jp/joho_tsusin/policyreports/joho_tsusin/it/pdf/010525_1_2.pdf (j)

“Science & Technology Basic Plan 2001-2005” Cabinet Office, March 2001.
<http://www8.cao.go.jp/cstp/kihonkeikaku/honbun.html> (j); <http://www8.cao.go.jp/cstp/english/basicplan01-05.pdf> (e)

“Statistical Data of Science & Technology in Japan” MPMHAPT, Statistics Bureau, 2001.
<http://www.stat.go.jp/data/kagaku/4.htm> (j)

“2001 Survey of R&D (Outline & Summary)” MPMHAPT Statistics Bureau, 2002.
<http://www.stat.go.jp/english/data/kagaku/index.htm> (e)

“Prospects of S&T in the 21st Century,” National Institute of Science & Technology Policy, Dec. 2000.
<http://www.nistep.go.jp/achiev/ftx/jpn/mat075j/idx075j.html> (j)

4) CRITICAL REPORTS

NORTH KOREA CRISIS

Must Reads

“THE COLD TEST: What the Administration knew about Pakistan and the North Korean nuclear program” by Seymour M. Hersh, The New Yorker, Issue of 2003-01-27, Posted 2003-01-20.

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http://www.newyorker.com/fact/content/?030127fa_fact Duplicity of North Korea and Pakistan in their development of nuclear weapons and when the Bush Administration learned and then took notice of the problem which. One expert said: "It's important to convey to the American people that the North Korean situation presented us with an enormous military and political crisis," he said. "This goes to the heart of North Asian security, to the future of Japan and South Korea, and to the future of the broader issue of nonproliferation." The article ends with a Bush insider noting "The public talk of compromise is being matched by much private talk of high-level vindication. "Bush and Cheney want that guy's head"—Kim Jong Il's—"on a platter. Don't be distracted by all this talk about negotiations. There will be negotiations, but they have a plan, and they are going to get this guy after Iraq. He's their version of Hitler."

"Following the Great Leader" by **Ian Buruma**, The New Yorker, Issue of 1994-09-19, Posted 2003-01-20. Buruma eloquently looks at the early months of the rule of Kim Jong Il, North Korea's leader, after the death of his father, Kim Il Sung, and just before North Korea promised the United States that it would freeze its nuclear-weapons program in exchange for international aid. http://www.newyorker.com/archive/content/?030127fr_archive01

Crisis on the Korean Peninsula: Implications for U.S. Policy in Northeast Asia by former Secretary of Defense **William J. Perry** to The Brookings Institution on 1/24/03. Transcript to be available sometime on the Brookings website (<http://www.brookings.edu>) and you can view this talk on C-Span. North Korea is "an imminent danger" and "an unacceptable security risk" to the United States. US must negotiate, must lead the negotiations, and must be ready to use force.

"The Crisis Last Time," William J. Perry and Ashton B. Carter (co-directors, Preventive Defense Project, Stanford and Harvard Universities), Op-Ed, NYT1/19/03, p13. "Yes, this is a serious crisis. But it can be managed. The solution must come from equal parts of credibility and courage: the first to make clear our determination to remove the nuclear threat even if it risks war, and the second to pursue creative diplomatic alternatives to war."

Reporting & Statements (Chronologically with most current at top)

"BALANCE OF TERROR: North Korea's nuclear ambitions could trigger an arms race in Asia," US News & World Report, 1/27/03. <http://www.usnews.com/usnews/issue/030127/usnews/27korea.htm>

"Defense Chief: Pre-Emptive Strike on N. Korea Possible," Mainichi Online, 1/24/03. **JDA Chief Ishiba** said 1/24 in House of Rep. Budget Committee meeting, "Just the possibility of an enemy attack is not enough reason for us to strike pre-emptively. However, if they made it clear that they will destroy Tokyo and started pumping rocket fuel [into their missiles], then it is time to strike."

"Japan Digs Back Route to N. Korea," Asahi Online, 1/24/03. Back door channel between **Mitoji Yabunaka**, Director-General of MOFA's Asian and Oceanian Affairs Bureau, and a "high-ranking North Korean official." Other back door channels include Beijing embassy officials of both nations, and between Deputy Minister of MOFA **Tanaka** and a North Korean military officer.

"Concern Growing in South Korea Over Knock-On Effect of Crisis; The Risk of Unpredictable Actions by North Korea is a Setback for the South's Credit Rating," FT1/24/03, p8.

"Joint Press Release of the 9th Inter-Korean Ministerial Talks," 1/24/03, Seoul, South Korea. See: http://www.unikorea.go.kr/en/interkorean/interkorean.php?page_code=ue0304&mode=view&ucd=eng0204&ewn_num=80&ispr=0.

"Korean Talks Make Little Progress on Arms Issue," NYT1/24/03, A14. **"UN Urged to Take Stand Over N. Korea Nuclear Arms,"** FT1/21/03, p5. Undersecretary of State **John Bolton**, on Trip to China, South Korea, and Japan, said on 1/20, "I think it is now timely to bring the matter to the Security Council and I think we're confident that it could handle both Iraq and North Korea at the same time," though it should stop short of imposing sanctions.

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“In Flurry of Diplomacy to End Crisis, Japan Remains on Sideline,” WP1/23/03, A17. “[Japan’s] contribution to solving the nuclear crisis is mostly an ‘us, too’ solidarity with US efforts, say a growing number of critics.”

“North Korea Informs South Korea That It Doesn’t Plan to Produce Nuclear Weapons,” NYT1/23/03, A12. North Korean delegate Kim Ryong Song said in a 1/22 keynote address to cabinet level talks in Seoul, “Although we have withdrawn from the Nuclear Nonproliferation Treaty, we have no intention of producing nuclear weapons at this stage. The danger of a war that threatens peace on the Korean Peninsula is coming from the outside, not from within.”

“US warns North Korea strike is possible: Pyongyang's breach of faith means all options are open to deal with 'blackmailing' state, says envoy,” The Guardian Online, 1/23/03. “Raising the stakes in the four-month standoff, John Bolton, a US deputy under-secretary of state, accused the North of “driving a stake through the heart” of the existing energy-for-compliance agreement, and said he expected the issue to be taken up by the United Nations security council by the end of this week. However, when asked whether this ruled out a surgical strike on reactors or military facilities, Mr Bolton answered: ‘For us, all options are on the table.’”
<http://www.guardian.co.uk/international/story/0,3604,880220,00.html>

“ANALYSIS: Japan left out of loop on N. Korea,” Asahi Shimbun Online, 1/23/03. “The focus on the abduction issue has much to do with public opinion within Japan, to the extent that people abroad could be forgiven for thinking Japan is interested solely in resolving that issue. Even if proposals by other nations lead to progress, Japan likely will still find itself left out of the loop because it will not readily shift its emphasis from the abduction issue to national security concerns-which could prove costly.” <http://www.asahi.com/english/politics/K2003012300280.html>

“US Determined Not to be Sidetracked by Pyongyang; The Option of a Pre-Emptive Strike Against the Yongbyon Reactor Has Been Dropped,” FT1/23/03, p6.

“US Signals It Won’t Seek Sanctions Against N. Korea; In Talks in Seoul, Pyongyang’s Delegates Appeal for Unity” WP1/23/03, A17. Undersecretary of State John Bolton, in Seoul, declined to comment on the imposition of sanctions at a 1/22 press conference.

“US Envoy: DPRK Nuclear Issue Likely To Go to UN Security Council This Week,” Yonhap Online, 1/22/03 [FBIS Transcribed Text, KPP200301220001000]. Undersecretary of State John Bolton, in South Korea 1/21-23, held a 1/22 press conference and said, “We see a consensus emerging. Probably by the end of this week there would be a third IAEA resolution and the matter would be referred to the Security Council. We’re glad that the United States and the Republic of Korea see the matter the same way.” However, a Ministry of Unification release on the progress of the 9th North-South ministerial notes that, “South Korea is known to have relayed its position that while it does not support the U.S. position to refer the North Korean issue to the United Nations Security Council, it may have difficulty in voicing opposition unless the North corrects its policies.” See: [Bolton Remarks not yet on State Dept. page 1/23];

MUN release,
http://www.unikorea.go.kr/en/highlights/highlights.php?page_code=ue0202&mode=view&ucd=eng0102&ewn_num=172&ispr=0

“Agreement Made at the 3rd South-North Korean Red Cross Working-level Contact,” 1/22/03, Mt. Geumgang, North Korea. See:

http://www.unikorea.go.kr/en/interkorean/interkorean.php?page_code=ue0304&mode=view&ucd=eng0204&ewn_num=79&ispr=0

“Commentary: MSDF's Unusual Request To U.S. Navy For Flattop Deployment Near Japan,” YOMIURI 1/22/03, p 13, [US Embassy translation 1/24/03]. “MSDF wanted the USS *Kitty Hawk* to stay in the seas near Japan or East Asia to continue training even after leaving port. If and when the *Kitty Hawk* is dispatched for a war against Iraq, the MSDF would like the U.S. Navy to deploy another carrier task force to the seas near Japan.”

“**S Korea to Offer Prospect of Economic Unity With North,**” FT1/22/03, p1. Mr. Chung Don-young, an adviser to President elect Roh Moo-hyun, told the FT that, “If North Korea responds to the outside world and abandons its nuclear program, South Korea will reward them beyond their expectations.... We don’t know how long it will take to reunify the two Koreas so our priority is peaceful co-existence. Mr. Roh’s grand vision is to make North and South Korea into a single economic community.”

“**The Two Koreas Open Cabinet-Level Talks,**” NYT1/22/02, A10. Ministerial level meetings in Seoul, begun 1/21, coincides with visit by Undersecretary of State John Bolton.

“**China Cracks Down on N. Korea Refugees,**” WP1/22/03, A1.

“**Japan, EU to Seek Peaceful End to N Korea Nuclear Issue,**” JiJi Press Online, 1/22/03. [FBIS Transcribed Text JPP20030122000120]. Telephone conversation between FM Kawaguchi and EU’s Javier Solana yields agreement to work together.

“**Russian Envoy, N. Korean Leader Meet in Effort to Resolve Crisis,**” WP1/21/03, A13. Deputy Foreign Minister **Alexander Losyukov** traveled to N. Korea to present Kim Jong-il with a “package plan,” which would: reaffirm a nuclear-free Korean Peninsula – making N. Korea give up its enrichment program and readmit IAEA inspectors – in return for a written guarantee from the US not to attack.

See: Losyukov interview with ITAR-TASS, 1/20,

http://www.in.mid.ru/brp_4.nsf/e78a48070f128a7b43256999005bcb3/333d33f266300b5643256cb8002bad04?OpenDocument; Press conference upon departure from Pyongyang 1/21, http://www.in.mid.ru/brp_4.nsf/e78a48070f128a7b43256999005bcb3/28224e88d2d71fed43256cb8003d0fe9?OpenDocument

“**Enormous Cost of Conflict Stays Washington’s Hand: The Human and Economic Repercussions on South Korea and Japan Would be Too High to Justify a Strike,**” FT1/21/03, p5.

“**Diplomacy Should Resolve Korean Crisis, Powell Says,**” NYT1/21/03, A10. Sec. State Powell 1/20 remarks. See: <http://www.state.gov/secretary/rm/2003/16757.htm>.

“**Overcoming North Korea’s ‘Tyranny of Proximity’: Military Planners say a US Victory Would Come at Great Human Cost, Especially to South Korea,**” WP1/20/03, A16.

See: OPLAN 5027 - US-ROK Combined Forces Command basic warplan, <http://www.globalsecurity.org/military/ops/oplan-5027.htm>

“**US Expands Aid Offer, and North Korea Wants to Talk,**” NYT1/20/03, A14.

“**US Officials See A Long Impasse on North Korea; While Allies Want the US to Lead Way, Washington Seeks Multilateral Solution,**” WSJ1/20/03, A11.

“**US Criticized for Halting N. Korea Aid; Analysts Say Food Shipments Are Being Used As Political Tool in Nuclear Crisis,**” WP1/19/03, A18. US’s last shipment was on 12/20/02.

“**North Korea’s Moves Appear Familiar; Bush Team Revising Views of Clinton’s Handling of 1993-4 Nuclear Crisis,**” WP1/19/03, A19.

“**Nuclear War Strategists Rethink the Unthinkable,**” NYT1/19/03, p14.

“**S. Korean Says US Considered Attack on North; Strike Had Been Ruled Out, Officials Insist,**” WP1/19/03, A18. ROK Pres. elect **Roh Moo-hyun**, addressed a panel of University Professors in Seoul. “I then felt that no matter what differences I might face with the United States, I would oppose an attack on North Korea. Fortunately, opinion in the United States started to change to resolving the matter peacefully.”

“UN Envoy Says North Korea Is Short of Food,” NYT1/19/03, A13. UN Envoy **Maurice Strong** visited North Korea from 1/15-18. See: UN News, Strong briefs UN Sec. Gen Kofi Annan, 1/22, <http://www.un.org/apps/news/story.asp?NewsID=5948&Cr=korea&Cr1=>.

“**Roh Presses US to Enter Talks With N Koreans,**” FT1/18-19/03, p3. ROK Pres. elect **Roh Moo-hyun** told group of foreign business leaders in Seoul on 1/17, “I would like to persuade the US to actively pursue dialogue with North Korea.”

“**Kim Chong-il’s Base in Military May Not Be So Solid As Thought,**” Foresight, 1/18/03, p18-19. [FBIS Translated Text JPP20030117000099]. Article details a possible assassination attempt against Kim Jong-il in the Spring of 2001.

Commentary

“**South Korea’s Refugee Betrayal,**” Ed., WSJ1/23/03, A14. “China understands this history [of refugees fleeing East Germany], which is one reason it’s so afraid of the North Korean refugees. South Korea knows this history too – which is why it ought to be encouraging the refugees who, under South Korea’s constitution, have a right to go to the South. The constitution also says that it is the ‘duty of the State to confirm and guarantee the fundamental and inviolable human rights of individuals.’ Currently the South is betraying that promise.”

“**Tunneling Toward Disaster,**” Nicholas D. Kristof, Op-Ed, NYT1/21/03, A23. “One ray of hope is a very sensible letter released a few days ago by leading American conservative thinkers, urging the White House to negotiate with the Great Leader about nukes but also to put human rights on the agenda. Such a creative approach from the right could give Mr. Bush political cover to extricate himself from his corner and seek a package deal with North Korea. Otherwise we’d better prepare for North Korea to rev up its nuclear assembly line and for war to become more likely. We’d better search even harder for those undiscovered tunnels.”

“**Pressure Point,**” Stephen R. Sestanovich (Senior Fellow, Council of Foreign Relations; Professor, International Diplomacy, Columbia University; US Ambassador At Large for the Former Soviet Union from 1997 to 2001), Op-Ed, WP1/20/03 A23. “The Bush administration says it won’t settle for remission, and it wants the Russians and Chinese to muscle the North Koreans for a real cure. That’s the right goal, but it will require some strange and difficult diplomacy. For when we rely on others to employ leverage that we lack, we end up having to put pressure on them rather than on our adversaries. One reason we failed to keep Hussein in his box in the past was that we weren’t prepared to tell the Russians and others that by failing to support us they put their relations with us at risk. With so little other leverage available to us with North Korea, this may be what it takes to make multilateral diplomacy work. Are we ready?”

“**Preventing the Next North Korea,**” Editorial, NYT1/19/03, p12. “As different as the administration’s responses have been to Iraq and North Korea, one unifying thread has been the effort to mobilize international pressure for both countries’ nuclear disarmament. Mr. Bush could make a far more powerful case in this and future crises if he made America once again a strong and consistent supporter of international arms control treaties.”

“**Running Fast Into The Past,**” Maureen Dowd, Op-Ed, NYT1/15/03, A23. “If Saddam had already developed nukes, we’d send him a fruit basket? But since he hasn’t, we’ll send him Tomahawk missiles. We know Saddam’s weak, but we’re pretending he’s strong so America can walk tall by whupping him. North Korea used its won version of our pre-emptive strike doctrine to blackmail us, and make the administration’s global swaggering look suspiciously selective. And where in the name of Rummy is Osama?”

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5) OPINION, REPORTS & STATEMENTS

COVER STORIES

NATIONAL JOURNAL - "Republicans To Watch: National Journal looks at six dozen Republican lawmakers who will be interesting to watch as their party strives for success in the 108th Congress," 1/18/03, <http://nationaljournal.com/members/news/2003/01/0117nj1.htm> [limited access].

ECONOMIST - "Lights! Camera! No profits! The biggest failing of the entertainment industry has been its mismanagement of creativity," 1/18/03, http://www.economist.com/printedition/displaystory.cfm?Story_ID=1534800.

FAR EASTERN ECONOMIC REVIEW - "Vietnam or Business, A Rising Star: In the early 1990s, it was hailed as the place to make money in Asia, but by 1996 foreign investors were fleeing. Now, after making some concrete improvements, Vietnam is resurfacing with fresh appeal," 1/30/03, http://www.feer.com/articles/2003/0301_30/p012region.html [limited access].

JAPAN

JAPAN-ANTITRUST

Empagran SA v. F. Hoffman-LaRoche Ltd., D.C. Cir., No. 01-7115, 1/17/03.
<http://pacer.cadc.uscourts.gov/docs/common/opinions/200301/01-7115a.txt>

An interesting if not precedent setting antitrust ruling for foreign plaintiffs in a US court on a civil suit against the Japanese vitamin cartel (exposed and fined by the US Justice Dept. several years ago). The US could become the "courtroom for the world" in antitrust cases.

JAPAN-BANKING

"Mizuho Poised for ¥500bn Preferred Securities Issue; Fund Aims to Offset Effects of FSA Probe," FT1/21/03, p21. See: <http://www.mizuhobank.co.jp/english/>.

"Banks' Moves Show Japan's Fall From Power," FT1/22/03, p18. Foreign banks and securities firms are fleeing Japan as economy slumps.

"Mizuho Forecasts Japan's Largest Loss of ¥1,950bn," FT1/22/03, p18. See: http://www.mizuho-fg.co.jp/english/pdf/release/2002/20030121_e.pdf.

"Capital Raising by Japan Banks 'Could Lead to Crisis;' Standard & Poor's Warns That the Increasing Interdependency Between Financial Groups Could Lead to Domino-like Economic Consequences," FT1/24/03, p18. **"Outlook for Japan Corporate Credit Quality Somber,"** Standard and Poor's report, 1/24/02. See: http://www2.standardandpoors.com/NASApp/cs/ContentServer?pagename=sp/sp_article/ArticleTemplate&c=sp_article&cid=1043337070461&b=10&s=&i=&r=1.

"Cerberus Closer to Aozora Takeover; Board of Japanese Target Set To Allow US Investment Fund to Undertake Due Diligence," FT1/23/03, p15. See: <http://www.aozorabank.co.jp/>.

"US Investors Turn Failed Tokyo Bank Into A Powerhouse; But Shinsei's Aggressive Tactics Provoke a Harsh Reaction; Pulling the Plug on Sogo; 'Breaking All the Rules,'" WSJ1/20/03, A1.

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JAPAN-BUSINESS

“Bankruptcies up as Shake-out in Japan Continues,” FT1/21/03, p5. According to Teikoku Databank, bankruptcies rose 0.1% to 19,441 companies year on year with total liabilities decreasing 15.2% to ¥13.755 trillion. See: <http://www.tdb.co.jp/english/brr02nen.html>.

“Life Companies In Struggle To Survive; Japan’s Assurance Giants Are Better Managed Than the Banks but Face a Worse Crisis,” FT1/24/03, p18.

“NEC Uses Vacancy at Top to Reaffirm Shift,” NYT1/21/03, C4. **Akinobu Kanasugi**, President of NEC Solutions, was named as a new president of NEC Corporation to succeed **Koji Nishigaki**, the current president, who will step down on 3/28. See press release: <http://www.nec.co.jp/press/ja/0301/2002.html> (j); <http://www.nec.co.jp/press/en/0301/2001.html> (e).

“Chasing Pack Has Japanese Juggernaut in Sight; Times Are Good for the Likes of Nissan, Honda and Toyota. But Currency Issues and Asian Competition Loom as Long-Term Threats,” FT1/24/03, p17.

With Pageantry and Hope, United Reopens Tokyo Hub,” NYT1/21/03, C6.

JAPAN-ECONOMY

“Govt Expects 0.2% Fall in FY03 Nominal GDP, Real Growth Of 0.6%,” Nikkei Online, 1/24/03. Cabinet formally approves estimates.

“The Yen Solution: Why Dramatic Currency Depreciation and the Resulting Market Resurgence are Tokyo’s Only Way out,” Tadashi Nakamae (President, Nakamae International Economic Research, Tokyo), International Economy, Winter 2003, p17. “Policymakers in Japan and abroad pay lip service to the idea of reform but fear the very change that will cause reform to happen. In the final analysis, human wisdom is always limited. It may be best to let the market decide.” <http://international-economy.com>

“Koizumi: Never Called for BOJ Inflation Target,” Nikkei Online, 1/24/03.

“Inflation’s Fans Step Up Pressure in Japan,” NYT1/21/03, C4. Scheduled retirement on 3/19 of BoJ president Hayami and two deputies has brought discussion of inflation targeting to the fore.

“BOJ Leaves Economic Assessment Unchanged From December,” Nikkei Online, 1/24/03. **“Monthly Report of Recent Economic and Financial Developments,”** released 1/24. See: <http://www.boj.or.jp/en/down/siryo/data/gp0301.pdf>.

“Pace of Japanese Deflation Steadies,” FT1/18-19/03, p3. **Bank of Japan** figures show prices fell by 2% in 2002 and steadied through the end of the year. This was lower than the 2.3% fall in prices of 2001. See: <http://www.boj.or.jp/en/down/siryo/data/pix0212.pdf>.

“Overcoming the limits of the Japanese economy; Can a breakthrough be found? Japan is a public works construction state bloated with debt; Drastic review needed of allocation of fiscal resources; Growth opportunities emerging in welfare and environment sectors,” Asahi, 1/22/03, p 8, [US Embassy translation 1/24/03]. Concludes by saying that industries which rely on technology innovation “is the area that deserves receiving fiscal resources of the Japanese economy,” not public works.

“Contender for Top BoJ Post Spells out Policy; The Frontrunner Would Rather Stick To Orthodox Ways Of Helping The Troubled Economy,” FT1/21/03, p5. Former BoJ Deputy Governor Toshihiko Fukui in Asahi Shimbun interview.

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‘Economic Minister Takenaka, Ex Economic Planner Sakaiya Debate Economy,’ Shukan Asahi, 1/24/03, p32-35 [FBIS Translated Text, JPP20030117000082]. Economic and FSA Minister Takenaka debates former EPA Director General Taichi Sakaiya.

“Number of CEEP Meetings Likely to Drop Drastically in 2003,” Tokyo Shimbun, 1/18/03, p9. [FBIS Translated Text JPP20030121000163]. Council on Economic and Foreign Policy (CEFP) will meet two times per month on average, rather than the previous 4 times per month amid calls to narrow the Council’s focus.

“Bank of Japan Defies PM on Money Policy,” FT1/23/03, p6. After 1/21-22 Policy Board meeting, BoJ kept its targets for current account deposits (between ¥15tn-¥20tn) and its purchase of government bonds (¥1.2tn) unchanged. See: http://www.boj.or.jp/en/seisaku/03/pb/k030122_f.htm.

“Japanese Inflation; The Right Objective for the Next Bank of Japan Governor,” Ed., FT1/23/03, p10. “[Koizumi] must appoint someone who not only talks a good game about deflation fighting but is also willing to act accordingly. Then he must back his candidate absolutely in the inevitable internal battles to come inside the bank.”

“The Real Problem with the Japanese Economy,” Andrew Smithers (Chairman, Smithers & Co, Fund Management Advisers), Commentary, FT1/21/03, p19. “Growth is the key to attaining fiscal stability. But growth can come only from monetary stimulus; it is not possible to achieve fiscal stability by increasing the budget deficit.”

Follow-up letters:

“Japan’s Household Savings Are Disguised by Deflation,” Andrew Smithers (Smithers & Co.), Letter to the Editor, FT1/23/03, p10. “Japan’s structural savings surplus and the excess debt of the corporate sector are connected problems. The solution for both is a weak yen to expand net exports and end deflation....The route to a weak yen and the end of deflation is monetary expansion. A change in funding policy to monetize government debt is likely to be the quickest and surest way.”

“Excess Corporate Debt, Not an Ageing Population, Is Japan’s Big Problem,” Peter Morgan (Chief Economist, HSBC Securities Japan), Letter to the Editor, FT1/22/03, p12. “The real problem is that the corporate sector savings rate has soared as companies struggle to pay back excessive debt levels built up in the 1980s and the first half of the 1990s.”

“Japanese Find Novel Ways of Raising Capital; Securitization Deal Enables Osaka To Offer Company Loans,” FT1/22/03, p6. Prefectural governments are turning away from the central government and coming up with their own plans to fund SMEs. Osaka has teamed up with Lehman Brothers and Daiwa Bank to offer about ¥30bn in loans to SMEs.

JAPAN-FOREIGN POLICY

“Tokyo Sees New, Bold Vision In Its Foreign Policy; Country Will Gain Influence Through Taking Risks, Not Waving Chequebook, Says Prime Ministerial Taskforce,” FT1/22/03, p6. **“Basic Strategies for Japan's Foreign Policy in the 21st Century: New Era, New Vision, New Diplomacy,”** 11/28/02 report of Prime Ministerial Task Force on Foreign Relations headed by Yukio Okamoto. See: http://www.kantei.go.jp/foreign/policy/2002/1128tf_e.html

“Putting Japan First; Tokyo Moves to Base Foreign Policy on National Interest,” Editorial, FT1/22/03, p12. “‘To balance China’s expanding sphere of influence’ in Asia, it says Japan should forge bilateral free trade deals of the kind it has already reached with Singapore and is discussing with the Philippines, Thailand and South Korea. But it would be a pity if these were to distract Tokyo from its historic support for multilateral trade negotiations.....Likewise, the taskforce believes official aid should be refocused on priority areas such as Asia. Again, if this meant less money for multinational reconstruction efforts in places such as the Balkans and Afghanistan, Japan might find its international influence diminished.”

“MOFA Declines to Comment on Japan Mission Personnel Appointment,” Taiwan Central News Agency Online, 1/22/03 [FBIS Transcribed Text CPP20030122000195]. Taiwan MOFA spokesperson declined to report on

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recent appointment of **Yoichi Nagano**, former Japanese military attaché to the Japanese Embassy in Beijing, to head the Taipei Office of the Japan Interchange Association (JIA), Japan's de facto embassy.

“The Perils of Paying Respects to Japan’s War Dead: A Visit to Yasukuni Shrine has Stirred Strong Sentiments,” David Pilling, Commentary, FT1/18-19/03, p7. “Foreign anger, not surprisingly, focuses on the emperor worship in whose names these deeds were carried out and on the veneration of war criminals who have become symbolic of such wartime atrocities. But Mr. Koizumi said his prayers were for the millions who died pursuing what they thought was their national duty.”

“Perilous Underside of Japan’s Pacifism,” Ian Buruma, Commentary, LA Times Online, 1/21/03. “With a revised constitution that would restore Japan’s sovereign right to wage war, the Japanese would be in a better position to help keep the peace in Northeast Asia. A less-than-total dependence on the US would lessen the resentment of American hegemony. And solving the sovereignty issue would rob the revanchist right wing of its argument for denying Japan’s belligerent past, thus creating space for a healthier historical debate. The alternatives are for the US to act as the East Asian police force forever and be hated for it more and more, or for the Japanese to rearm – and possibly go nuclear – in a fit of panic, without proper debate or democratic checks and balances. Neither option is desirable, whether you are a Chinese, a Korean, a Japanese or, indeed an American.”

“Japan to Invite G-8, Karzai for Security Meeting in Tokyo,” Kyodo News, 1/22/03. [FBIS Transcribed Text JPP20030122000068]. Meeting on Afghan security/demobilization planned for mid-February.

“Editorial Views Bush Administration on Its 2nd Anniversary,” Sankei Online, 1/20/03. [FBIS Translated Text JPP20030120000026; Original Title, “Overcoming [Terrorist] Shocks, Leading the Strong United States.”] “Particularly, from the viewpoint of containing China’s military as well as economic influences, the United States has strong expectations for Japan. However, the US expectations of Japan are so high that the Japanese government should keep it firmly in mind that, should it not act appropriately as a ‘normal democratic state,’ the US government’s disappointment will be great as well.”

“Japan to Cut Contribution To the Budget of the UN,” NYT1/22/03, A5. Senior Officials tell the NYT. “Japan cannot just give sweet faces to everybody. We have to questions: Why are we the only country in the world with inflated cost on our shoulders?” said Mr. Yukio Okamoto, chair of Koizumi’s Task Force on International Relations. “We should get a seat on the Security Council and abolition of the enemy clause in the UN charter. No taxation without representation is the basic idea,” said Mr. Hatsuhsa Takashima, MOFA spokesperson.

JAPAN-POLITICS

“Prime minister, unable to make use of brain-trust advisors, replaces cabinet consultant Okamoto with expert on financial issues, reflecting sense of urgency for dealing with an economic crisis,” MAINICHI, 1/21/03, (P 2, [US Embassy Translation, 1/23/03]. “Some observers criticize the approach the prime minister has taken of ousting experts after soliciting a number of proposals from them. That is one reason why the Koizumi government’s policymaking capability remains shallow although nearly two years have passed since its inauguration. The appointment of **Haruhiko Kuroda**, former vice minister of finance for international affairs of the Finance Ministry, reflects the prime minister’s sense of urgency for dealing with the growing possibility of an economic crisis, but this personnel appointment, too, might also end up as only a stopgap measure.”

JAPAN-POWS

Korean POWs win:

“Court upholds California law allowing slave labor suits,” AP 1/15/03. “A California court upheld a state law that allows people claiming they were forced into slave labor during World War II to sue Japanese companies that do business in the state. The 2nd District Court of Appeal allowed a Korean-American man to continue his lawsuit, rejecting arguments that the law was pre-empted by a 1951 treaty between the United States and Japan.

http://story.news.yahoo.com/news?tmpl=story&u=/ap/20030116/ap_wo_en_po/na_gen_us_slave_labor_1

See the decision: <http://www.courtinfo.ca.gov/opinions/documents/B155736.PDF>

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US POWs lose:

“U.S. appeals court says WWII prisoners can't sue for alleged enslavement,” AP 1/21/03. “The 9th U.S. Circuit Court of Appeals upheld lower court rulings that said treaties signed by the United States barred prisoners from seeking restitution from companies accused of forcing them to work in mines, dig roads and perform other duties more than 50 years ago. The appeals court, in striking down a 1999 California law granting former POWs the right to sue, said using American courts to seek restitution would be contrary to U.S. foreign policy.”

http://story.news.yahoo.com/news?tmpl=story&u=/ap/20030122/ap_wo_en_po/na_gen_us_slave_labor_4

See the decision:

[http://www.ca9.uscourts.gov/ca9/newopinions.nsf/746D7C92546BD66488256CB50057F4FE/\\$file/0056673.pdf?op=element](http://www.ca9.uscourts.gov/ca9/newopinions.nsf/746D7C92546BD66488256CB50057F4FE/$file/0056673.pdf?op=element)

JAPAN-SECURITY

“Proposed US Naha Military Port To Handle Bigger Ships,” Asahi Online, 1/24/03.

“US Bases In Kanagawa to be Slimmed,” Asahi Online, 1/24/03.

“NPA To Set Up Special Team to Counter Retaliatory Acts of Terrorism,” Foresight, 1/18/03. [FBIS Translated Text JPP20030102000005].

JAPAN –TRADE

“Belated Start With A Burden: Japan’s FTA Negotiations,” Takuro Nozawa (Visiting Fellow, Office of the Japan Chair), CSIS Japan Watch, 1/22/03. “As with Japan’s much-needed banking system reforms, the agricultural issues will only be resolved by strong leadership from Koizumi.” <http://www.csis.org>

JAPAN-RELEVANT**AUSTRALIA**

“Australia Sends Troops To The Gulf,” BBC Online, 1/23/03. Australia has sent its first troops (350) to the Persian Gulf for a possible war on Iraq amid furious public protest. An eventual Australian force will be about 1,500 personnel and only 150 combat troops. <http://news.bbc.co.uk/2/hi/asia-pacific/2686905.stm>

CHINA-ECONOMY

“China’s Auto Industry Moves into Top Gear; Carmakers Look To 20% Increase In World’s Fastest-Growing Market,” FT1/21/03, p25.

“Blueprint Seeks to Steer China Past High-Risk Economic Problems; Government Aims to Modernize Without Triggering a Bank Collapse,” FT1/24/03, p8. Article details key elements of Chinese Government “blueprint” for handling economic reform.

“Force Without Legitimacy Will Not Stop Nuclear Proliferation,” Philip Stephens, Commentary, FT1/24/03, p13. “What is needed now is a fusion of the American and European approaches: an international system of rules and restraints backed by the credible threat of force: a *Pax Americana* whose longevity would be guaranteed by the breadth of international acceptance.”

“To Some In Europe, The Major Problem is Bush the Cowboy,” NYT1/24/03, A1.

“TSMC China Plan Edges Closer,” FT1/23/03, p15. Taiwan Semiconductor Manufacturing Co. (TSMC) plan to build US\$900m manufacturing plant in Shanghai delayed by Taiwanese cabinet. See: <http://www.tsmc.com/english/default.htm>.

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“Doubts Over Impact of China-Taiwan Air Link; Observers Divided On Whether First Commercial Flights in 50 Years Represent a Breakthrough,” FT1/22/03, p6.

“BOC May Sell Equity Stakes to Foreign Investors,” FT1/23/03, p15. See: <http://www.bank-of-china.com/english/index.shtml>

“China Tries to Stake Its Biotech Claims; Scientists Draft a Secret List of Products They Want to Keep Out of Foreign Hands,” WSJ1/20/03, A11.

CHINA-FOREIGN POLICY

“China Arrests North Koreans Headed for the South and Japan,” NYT1/21/03 A4.

CHINA-POLITICS

“The People’s Liberation Army as Organization: Reference” Volume v1.0, RAND 2002, Editors: James C. Mulvenon and Andrew N. D. Yang. Supplied Note: While the first four decades of PLA studies have necessarily tended to ignore organizational studies of the People’s Liberation Army (PLA), an avalanche of new open sources and so-called “grey literature” (internal or unofficial military-related publications) now permits highly detailed examination of the Chinese military’s organizational structure. Accordingly, the PLA field conference co-hosted by CAPP and the Taiwan-based Chinese Council of Advanced Policy Studies (CAPS) in June 2000 focused on “The PLA as Organization.” The resulting report represents a landmark contribution to the field of Chinese military studies. See: <http://www.rand.org/nsrd/capp/bulletin/CF182.html>

“Poor Connections: China’s Internet Frontier,” RAND Review, fall 2002. Numerous obstacles keep the information revolution from spreading unfettered to the furthest reaches of the globe. RAND researchers examine why the “information superhighway” has hit roadblocks in China and other countries. <http://www.rand.org/nsrd/capp/bulletin/RANDreview.html>

“China’s Relentless Repression,” Editorial, NYT1/20/03 A22. “Beijing’s refusal to tolerate legal, nonviolent protests mocks its claims to uphold the rule of law and could encourage more-unruly expressions of discontent. China’s market reforms, though necessary, have brought severe hardships to workers in unprofitable state factories like Liaoying’s textile and metallurgy plants. The failure of authorities to respond more sympathetically shows how little Communist leaders care about the workers and peasants in whose name Mao’s revolution was made.”

ENERGY

“Ministry Moves to Promote Nuclear-Plant Construction,” YOMIURI Online, 1/19/03. METI has mapped out nuclear promotion measures including legislation to encourage use of nuclear power and a review of the grant system designed to help localities build plants.

“OPEC’s Odd Position: Complaining of High Oil Prices,” NYT1/21/03 C7. “Frustration as the cartel finds it can’t sway the markets the way it used to.”

“Iran Oil Stake for Japanese Consortium,” FT1/21/03, p26. Consortium led by Japan Petroleum Exploration (Japex) (41.7% share) along with JNOC (33.3% share) and INPEX (25% share), has bought a 20% share in Royal Dutch/Shell’s development of Soroosh and Nowrooz oilfields in Iran. See: <http://www.japex.co.jp/>

FOREIGN POLICY

“Axis of Evil: First Birthday for a Famous Phrase,” NYT1/20/03, A17. “Critics say the White House is deluding itself, and that the axis of evil phrase has pushed the administration inexorably into the confrontation with Iraq, incited the crisis with North Korea and undercut reformers in Iran, not to mention aggravated the allies, particularly Europeans.” [Foreign policy by rhetoric]

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GLOBAL ECONOMY

“**World Unemployment Increases to 180m; Rise in Jobless Figure Blamed on Two Years of Economic Slowdown,**” FT1/24/03, p3. “**Global Employment Trends,**” International Labor Office, 1/24/03. See: Press Release, <http://www.ilo.org/public/english/bureau/inf/pr/2003/1.htm>; Report, <http://www.ilo.org/public/english/employment/strat/download/trends.pdf>.

“**War Fears Push Dollar to Three-Year Low Against Euro,**” FT1/24/03, p1. As of 1/23, \$1.076/Euro.

“**Sliding Dollar’s Fate May Be Decided in Asia; Chinese, Japanese Top Foreign-Investor List For US Securities,**” WSJ1/20/03, C3.

INDONESIA

“**The Military and Democracy in Indonesia: Challenges, Politics, and Power**” RAND, by Angel Rabasa and John Haseman. Supplied note: Indonesia's military continues to play a critical part in determining Indonesia's future. The authors of this book examine the role of the military in politics and society since the fall of President Suharto in 1998. They present several strategic scenarios for Indonesia, which have important implications for U.S.-Indonesian relations, and propose goals for Indonesian military reform and elements of a U.S. engagement policy. <http://www.rand.org/nsrd/capp/bulletin/MR1599.html>

“**Megawati Backs down on Price Rises; Donors Attack Decision to Keep Subsidies,**” FT 1/21/03, p5.

INTELLECTUAL PROPERTY

“**FSA To Place Intellectual Property Under Purview of Trust Business,**” NIKKEI Online, 1/20/03. A planned legal change in Japan will allow intellectual property to be placed under a trust business that would issue bonds backed by an expected profit on that IP.

IRAQ ISSUES

“**Rumsfeld Says Iraq Diplomacy is Nearing the End of its Road,**” NYT1/21/03, A10. Defense Secretary Rumsfeld said at a 1/20 speech to the Reserve Officers Association that “North Korea is a threat to be sure, but it’s a different kind of threat, one that, for now at least, can be handled through diplomacy and differently.” See: http://www.defenselink.mil/news/Jan2003/t01202003_t20sdroa.html.

“**An Attack on Iraq Not Yet Justified, France Warns US: Powell on the Defense: Germany and China Join Calls for More Patience with the Weapons Inspections,**” NYT1/21/03, A1. France’s Foreign Minister Dominique de Villepin told the UN Security council on 1/20 that, “We believe that nothing today justifies envisaging military action.”

“**US Set To Demand That Allies Agree Iraq Is Defying UN; Focusing on Doubters; France and Germany Hesitant – Debate Said to Continue on New Resolution,**” NYT1/23/03, A1.

“**Why We Know Iraq Is Lying,**” Condoleezza Rice (National Security Adviser), Op-Ed, NYT1/23/03, A27. “By both its actions and its inactions, Iraq is proving not that it is a nation bent on disarmament, but that it is a nation with something to hide. Iraq is still treating inspections as a game. It should know that time is running out.”

“**Fighting Solo If Necessary; US Welcomes Allies But Won’t Be Waiting,**” NYT1/23/03, A1.

“**Support for a War With Iraq Weakens; Majority in Poll Critical of Bush’s Record on Economy,**” WP1/22/03, A1. WP/ABC Poll. Support for military action against Iraq has slipped to 57% from 62% a month ago; 50% approved of Bush’s handling of the Iraqi situation, down from 58% one month ago; 58% said that they would like to see more evidence against Iraq and 71% said the US should make public its own evidence; 43% said that UN

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inspectors should be given more time. Bush approval ratings slip to 59%. See: <http://www.washingtonpost.com/wp-srv/politics/polls/vault/stories/data012103.htm>.

“**Lighting the Fuse on Iraq**,” Ed., NYT1/22/03, A22. “If the Bush administration’s aim is to keep military pressure on Mr. Hussein to encourage him to cooperate more fully with the inspectors or accept a diplomatic deal, the results could be constructive. But if Washington is actually planning an early military strike in the weeks just ahead, either on its own or with only British support, it should reconsider. Given the risks of military action and the widespread public opposition in the United States and abroad to acting with Security Council support, Mr. Bush should not be in a rush to go to war.”

“**France Vows to Block Resolution On Iraq War; US Schedule Put At Risk By UN Debate**,” WP1/21/02, A1.

“**The UN Endgame**,” Ed., WP1/22/03, A14. “Mr. Bush should offer a detailed public explanation of what the United States knows about Iraq’s weapons of mass destruction, and challenge the United Nations, one last time, to preserve its relevance by acting to implement Resolution 1441. In the meantime, the administration should continue to prepare the military coalition that even now is taking shape in the Persian Gulf. It would be best if that coalition could act with full Security Council support; but it can, if necessary, succeed without it.”

INTELLIGENCE

“**Spying is as old as civilization**,” Cover Story, US News & World Report, 1/27/03.” Now at the center of an urgent debate, intelligence gathering has won wars and influenced culture. Here are tales of professionals, playboys, seductresses, and celebrities, as well as traitors who practiced the trade.” <http://www.usnews.com/usnews/news/articles/27spystories.htm>

“**Poindexter’s Still a Technocrat, Still a Lighting Rod**,” NYT1/20/03, C1. Profile of Vice Admiral **John M. Poindexter**, DARPA’s Information Awareness Office. See: <http://www.darpa.mil/iao/index.htm>.

PROLIFERATION

“**Study Urges More Action to Cut Risks from Weapons Stockpiles**,” NYT1/20/03, A14. “**Protecting Against the Spread of Nuclear, Biological and Chemical Weapons**,” is released by a group of 15 research organizations in the US, Europe, Russia and Japan. Project directed by **Robert Einhorn** and **Michele Flournoy** (CSIS). See: http://www.csis.org/pubs/2003_protecting.htm

SOUTH ASIA

“**India’s Growth Target Unrealistic, Says ADB**,” FT1/2/03, p6. ADB’s South Asia Development Project Chief Yoshiro Iwasaki called India’s 5-year economic growth target of 8%, “ambitious and quite challenging.” See: <http://www.adb.org/>.

SOUTH KOREA

“**Seoul’s Privatisation Plans Thrown in Doubt**,” FT1/18-19/03, p3. President Elect Roh Moo-hyun said on 1/17 that he would put the government’s privatization program under review, saying “In some industries competition is impossible.”

“**Large Banks in South Korea Report a Big Jump in Profits**,” NYT1/23/03, W1. Financial Supervisory Service releases figures showing Korean banks posted \$5billion in profit for 2002, 11.4% increase from 2001. See: <http://english.fss.or.kr/en/englishIndex.jsp>.

“**Morgan Stanley Signs Korea Deal**,” FT1/23/03, p15. Joint venture with Hana Bank to form asset management company to manage \$426m in property loans. See: <http://www.hanabank.co.kr>; <http://www.morganstanley.com>

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“Sunshine in Korea: The South Korean Debate over Policies Toward North Korea,” RAND, by Norman D. Levin and Yong-Sup Han. Supplied note: “The evolution of the debate over the South Korean government's "Sunshine" engagement policy toward North Korea will be an important determinant of how the world community responds to North Korea's violations of the 1994 Agreed Framework and other international obligations. This book provides a framework for viewing South Korean responses to this latest challenge, examining the South Korean debate over policies toward the North, analyzing the sources of controversy, and assessing their implications. See: <http://www.rand.org/nsrd/capp/bulletin/MR1555.html>

“ROK’s Yonhap: Government to Raise the R&D Investment to 3% of GDP,” Yonhap, 1/21/03. [FBIS Transcribed Text KPP20030121000092]. Ministries of Science & Technology, Commerce, Industry and Energy, Information and Defense made a report to Pres. elect Roh’s transition team highlighting the government’s emphasis on Science & Tech.

“The Korean Diaspora In the World Economy,” C. Fed Bergsten; Inbom Choi; Eds., Institute for International Economics Special Report 15, January 2003, 158 pgs.

STEEL

“China to Drop Tariffs on Certain Steel Imports,” NYT1/21/03, p6. Ministry of Foreign Trade and Economic Cooperation (MOFTEC) released exemptions from tariffs on certain types of steel including cold-rolled thin sheets, cold-rolled stainless thin plates and color-coated sheets. See: http://english.moftec.gov.cn/article/200301/20030100064578_1.xml

TAIWAN

“Conversation With Chen Shui-Bian, The President Of The Republic Of China On Taiwan,” FPRI (conservative think tank), January 22, 2003. “The Republic of China (ROC) is a sovereign state. This is the clear and obvious status of our country. The ROC effectively exercised jurisdiction over the islands of Taiwan, Penghu, Kinmen, and Matsu—a fact no one can deny.” <http://www.fpri.org/enotes/20030122.asia.sicherman.chenshuibian.html>

“Thai Visa Refusal Adds Strains to Ties With Taiwan,” FT1/22/03, p6. Thai PM Thaksin said he would block any visas of Taiwanese politicians that might harm relations with China.

TRADE

“Blow to Doha Talks as France Blocks EU Farm Trade Plan,” FT1/22/03, p7.

US ECONOMY

“Top White House Adviser ‘To Quit;’ Glenn Hubbard Calls Talk of His Departure ‘Premature’ But Is Reported to Have Chosen to Return to Academia,” FT1/24/03, p2.

“Bush Economic Adviser Says He’s Not Finished Yet,” NYT1/24/03, C5.

“U.S. Manufacturers Lobby Against Asian Rate Strategies: Ire Is Aimed at Japan, China, South Korea, Others Keeping Currencies Artificially Low,” WSJ 1/24/03. **Coalition for a Sound Dollar**, which is composed of 61 trade associations representing American industries from aerospace to forest products and was initiated by NAM. Contact, 637-3182, <http://www.sounddollar.org/mnews27.html>

“The Four Horsemen of Bush Economic Policy: An Emerging System of Seemingly Obscure Officials Takes Over,” Fred Barnes (Executive Editor, Weekly Standard), International Economy Winter 2003, p9. Chairman of the Council of Economic Advisers Glen Hubbard; Deputy Chief of Staff Josh Bolten; Undersecretary of the

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Treasury for Domestic Affairs Peter Fisher; and Senior Adviser to President Bush Karl Rove. http://international-economy.com/TIE_W03_Barnes.pdf

6) WEBSITE OF THE WEEK

National Institute of Science and Technology Policy

Japanese governmental research organization of social and technology trends.

<http://www.nistep.go.jp>

7) KEY & QUICK NEWS LINKS

*****Many are by subscription*****

- *Asahi Shimbun (AS): <http://www.asahi.com>
- *BBC Online: <http://news.bbc.co.uk>
- *Economist (EC): <http://www.economist.com>
- *Far Eastern Economic Review (FEER): <http://www.feer.com>
- *Financial Times (FT): <http://www.FT.com>
- *Inside U.S. Trade (IUST): <http://www.insidetrade.com>
- *Japan Digest (JD): <http://www.japandigest.com>
- *New York Times (NYT): <http://www.nytimes.com>
- *Nikkei (NK): <http://www.nni.nikkei.co.jp>
- *Oriental Economist (OE): <http://www.orientaleconomist.com>
- *Wall Street Journal (WSJ): <http://www.wsj.com>
- *Washington Post (WP): <http://www.washingtonpost.com>
- *Yomiuri On-line (YM): <http://www.yomiuri.co.jp/index-e.htm>

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